





Why This Session Is Needed (1 of 2)

First consolidation in many years.

Changes in the Guidance and DOL exceptions. (2 CFR Part 2900)

New definitions & pre-award requirements.



Why This Session Is Needed (2 of 2)

Changes to recipient and subrecipient responsibilities

Changes to many Cost Principles and Selected Items of Cost

Updates key features of the Single Audit requirements



Lesson Overview & Module Objectives (1 of 3)

Genesis

Uniform Guidance Structure

- Discuss the rationale for grant management reform and overall new organization of the Uniform Guidance
- Review organizational structure and applicability of the Uniform Guidance
- Define DOL exceptions and technical corrections approved by OMB



Lesson Overview & Module Objectives (2 of 3)

Subpart A: Definitions

Subpart B: General Provisions

> Subpart C: Pre-Award Requirements

- Review key changes in definitions and noteworthy deletions
- Review applicability and effective dates.
- List the key pre-award provisions related to awarding of grants and sub-grants.



Lesson Overview & Module Objectives (3 of 3)

Subpart D: Post Award Requirements

Subpart E: Cost Principles

Subpart F: Audit Requirements

- Identify new requirements or changes for financial and program management
- Define the requirements for monitoring of subrecipients
 - Identify additions and deletions to Cost Principles and Selected Items of Cost
- Identify the changes that impact the revised Single Audit requirements at the Federal and recipient levels



Genesis

Discuss the rationale for

grant management reform and overall new organization of the Uniform Guidance

Learning objectives for this section



How Did the Uniform Guidance Come About?

- Council on Financial Assistance Reform (COFAR)
 - Created on October 27, 2011
 - Composition
 - 9 Federal awarding agencies





Why Develop the Uniform Guidance?

Reduce administrative burden and risk of fraud, waste, and abuse

Desire for uniform guidance in grant community

Need to leverage technology

Focus audits & monitoring on high risk areas



Before Uniform Guidance

Department of Labor - ETA Grantees			
	OMB Circulars and DOL Regulations BEFORE 12/26/2104		
Nature of Grantee/Subgrantee	Federal Audit Requirements	Federal Cost Principles	Uniform Administrative Requirements
State/Local, & Indian Tribal Governments	A-133 Revised 6/27/03 (effective 12/31/03)	2 CFR 225 (formerly A-87) Revised 05/10/04	A-102 Amended 8/29/97 29 CFR Part 97
Institutions of Higher Education	29 CFR Parts 96 and 99	2 CFR 220 (formerly A-21) Revised 05/10/04	2 CFR 215 (formerly A-110) 5/11/04
Non-Profits		2 CFR 230 (formerly A- 122) Amended 05/10/04	29 CFR Part 95
For-Profits	Per program or grant agreement	48 CFR Part 31 (FAR)	Per program or grant agreement



After Uniform Guidance

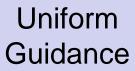
2 CFR Part 200 & 2 CFR Part 2900



Administrative Requirements



Audit Requirements





Cost Principles



Acronyms, Definitions & Appendices



Uniform Guidance Structure

Learning objectives for this section

- Review organizational structure and applicability of the Uniform Guidance
- Define DOL exceptions and technical corrections approved by OMB





Structure (1 of 3)

2 CFR Part 200 and 2 CFR Part 2900

- Acronyms & Definitions
- Subpart A
 - New and updated terms
- General Provisions
- Subpart B
 - Includes effective dates
- Pre-Federal Award Requirements
- Subpart C
 - Appendix I Full Text of Notice of Funding Opportunity
- Post Federal Award Requirements
- Subpart D
 - Appendix II Contract Provisions



Structure (2 of 3) 2 CFR Part 200 and 2 CFR Part 2900

Cost Principles

- Subpart E & 7 Appendices
 - Appendix III Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)
 - Appendix IV Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations
 - Appendix V State/Local Government wide Central Service Cost Allocation Plans
 - Appendix VI Public Assistance Cost Allocation Plans
 - Appendix VII States and Local Government and Indian Tribe Indirect Cost Proposals
 - Appendix VIII Nonprofit Organizations Exempted From Subpart
 E Cost Principles of Part 200
 - Appendix IX to Part 200—Hospital Cost Principles



Structure (3 of 3) 2 CFR Part 200 and 2 CFR Part 2900

Audit Requirements

- Subpart F & 2 Appendices
 - Appendix X Data Collection Form (Form SF-SAC)
 - Appendix XI Compliance Supplement
 - 2015 Edition release April 2015





Technical Corrections

Federal Register published December 19, 2014



Procurement Standard



Modified Total Direct Costs



Unique Entity Identifier



Clarification on Payments



Cost Sharing or Matching



Prior Approvals



Program Income



Should vs. Must



DOL Exceptions (1 of 2)



2900.2 Non-Federal Entity



2900.5

Federal awarding agency review of merit of proposals



Multiple Provisions Concerning Budget



2900.7 Payment



2900.13 Intangible property



2900.14 Financial reporting



DOL Exceptions (2 of 2)



2900.15 Closeout



2900.17
Adjustment of negotiated IDC rates



2900.18

Contingency provisions



2900.20-.22 Subpart F – Audit Requirements



Subpart A: Definitions

Learning objectives for this section

 Review key changes in definitions and noteworthy deletions





Definitions

Subpart A of the Uniform Guidance

- Consolidates, updates, and clarifies
- Adds a number of new definitions
 - Also renames or deletes a number of definitions

DOL Exceptions

- Budget
- Non-Federal entity
- Questioned costs



New Terms



Important additions or changes

- Conflict of Interest
- Procurement Methods
- Support for Indirect Cost rates
- De Minimis Rate
- Computing Devices
- Internal Controls
- Improper Payments
- COSO



New Definitions (1 of 2)

- 200.8 Budget
 - DOL clarification at 2 CFR 2900.1
 - Prior Approval
- 200.20 Computing Devices
- 200.23 Contractor
- 200.45 Fixed Amount Awards
- 200.61 Internal Controls





New Definitions (2 of 2)

- 200.67 Micro-Purchase
- 200.68 Modified Total Direct Cost (MTDC)
- 200.69 Non-Federal Entity
- 200.79 PII and Protected PII
- 200.88 Simplified Acquisition Threshold
- 200.74 Pass-through Entity
- 200.92 Subaward





Subpart B: General Provisions

Learning objectives for this section

Review applicability and effective dates.



General Provisions

- Applicability
- Exceptions
 - Case by case basis when not prohibited by statute
 - Except Subpart F Audit Requirements
- Authorities
- OMB Responsibilities
- Effective Date/Implementation
- Related information



Applicability

All recipients and subrecipients of a Federal award including but not limited to the following:



States and local governments



Institutions of Higher Education (IHE)



Non-profit organizations



For-profit or commercial entities (2900.2)



Indian tribes



Foreign organizations and foreign public entities (2900.2)



Implementation

Training Employment Guidance Letter TEGL 15-14

- All new grant awards or grant modifications released on or after December 26, 2014 MUST adhere to the Uniform Guidance
- Options A and B require grant modification
 - A: Formula recipients may request authorization to apply the Uniform Guidance to <u>existing</u> or old grant awards
 - B: Discretionary recipients may request authorization to apply the Uniform Guidance to <u>existing</u> grant awards



Subpart C: Pre-Award Requirements

Learning objectives for this section

 List the key pre-award provisions related to awarding of grants and sub-grants.





Notices of Funding Opportunity (1 of 2)

2 CFR 200.203 Notices of Funding Opportunities



Must be written in English and provide timely notification to public



Link funds to a CFDA number, authorization, and type of assistance (formula or discretionary)



Describe program purpose, goals, measurement, and eligibility requirements



Notices of Funding Opportunity (2 of 2)

2 CFR 200.203 Notices of Funding Opportunities



Applicability of Single Audit requirements



Reference to merit review process



ETA term is "Funding Opportunity Announcement"



Merit Review vs. Risk Assessment Process (1 of 2)

Merit Review

- Specifies the criteria that the Federal awarding agency will use to evaluate <u>all grant</u> <u>applications</u>
- Appendix I of the Uniform Guidance provides additional detail

Applies to ETA discretionary awards



Merit Review vs. Risk Assessment Process (2 of 2)

Risk Assessment Process

- Conducted <u>after</u> the merit review but before Federal award is made
- Considers the following factors:

- Financial stability
- Quality of management systems
- History of performance
- Reports and Findings including Audits and Monitoring Reports
- Ability to effectively implement requirements
- FAPIIS and SAM—for debarment or Do Not Pay listing

Applies to ETA discretionary awards



Notice of Award Structure (1 of 2)



Requirements found at 2 CR 200.210



Standardized Elements

- Recipient name, period of performance, CFDA #, unique entity identifier, and more
- Budget
- Performance Goals
- Terms and Conditions
- Indirect cost rate including 10% de minimis rate
- Match or cost sharing requirements
- National policy requirements



Notice of Award Structure (2 of 2)

Additional Elements



- Requirements found at 200.208 & 200.113
- Certifications and Disclosures
 - To be submitted annually unless otherwise noted
 - Including written disclosure of all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award.

ETA's "Standard Terms and Conditions" can be found at www.doleta.gov/grants/resources.cfm



Subpart D: Post Award Requirements

 Identify new requirements or changes for financial and program management

 Define the requirements for monitoring of subrecipients

Learning objectives for this section





Standards for Financial and Program Management (1 of 2)

- 200.300 Statutory and national policy requirements
- 200.301 Performance measurement
- 200.302 Financial management
- 200.303 Internal controls
- 200.304 Bonds
- 200.305 Payment
- 200.306 Cost sharing or matching
- 200.307 Program income
- 200.308 Revision of budget and program plans
- 200.309 Period of performance.



Standards for Financial and Program Management (2 of 2)

- 200.310-.316 Property Standards
- 200.317-.326 Procurement Standards
- 200.327 Performance and Financial Monitoring and Reporting
- 200.330-.332 Subrecipient Monitoring and Management
- 200.338-.342 Remedies for Noncompliance
- 200.333-.337 Record Retention and Access
- 200.343 Closeout
- 200.344-.345 Post-Closeout Adjustments and Continuing Responsibilities



Performance Measurement

2 CFR 200.301

Performance Measurement

Require <u>performance</u>
 metrics/goals to <u>improve</u> program
 <u>outcomes</u> and use <u>cost effective</u>
 practices





Internal Controls

2 CFR 200.303

- Increased emphasis on Internal Controls
 - Must establish adequate controls using sound management practices:
 - Standards for Internal Control in the Federal Government (Green Book)
 - Internal Control Integrated Framework (COSO)
- All reasonable precautions



Payments

2 CFR 200.305

- Incorporates IPERA improper payments requirements
- Remittance of interest income of \$500 annually
 - WIOA requirement for program income
- DOL Exceptions 2900.6 and 2900.7
 - Impose restrictions on advances depending on specific conditions
 - Requires liquidation of existing advances before new request



Cost Sharing or Matching and Program Income

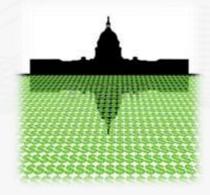
2 CFR 200.306 & 200.307

Cost Sharing or Matching

- Higher standards for documentation
- Must be verifiable through adequate records
- 2900.8 DOL exceptions requires that contributions/funds received for match purposes be expended on program purposes.

Program Income

 Addition method required for ETA grants (Deduction is default in Uniform Guidance)





Budget and Program Plans

2 CFR 200.308

Revision of budget and program plans

- If Federal award is over the Simplified Acquisition
 Threshold, prior approval is needed for any cumulative change that exceeds 10% of the total budget
- 2900.9-12 DOL Exceptions
 - No blanket approval
 - Submission 30 days before effective date
 - Must be in writing
 - Only approving official is the Grant Officer





Property Standards

2 CFR 200.310 - 200.316 & 2900.13

Facilities and Lease Agreements

No use allowances allowable

Equipment

- Same threshold >\$5000
- Including information technology systems

Supplies

Including computing devices

Intangible Property

Creative Commons Licensing







Procurement Standards

2 CFR 200.317 to 200.326



New or expanded items

- Micro-purchases
- Conflict of Interest
- Simplified acquisition threshold
- Intergovernmental agreements



States continue to follow state standards

 Subrecipients of states follow the Uniform Guidance standards



Grace Period for Procurement Standards Only

Procurement Standards

- Effective date for implementation is revised
 - 200.110
- Allows a grace period of two fiscal year to implement
 200.317 through 200.336

December 19, 2014 Federal Register

Provides additional detail

Cun	mon	Tue	Wed	Thu	Fri	1 8
Sun			1	2	3	
3		7	8	9	10	1
10	-	14	15	16	17	1
17	11		22	23	24	2
24	25	6		30		
31		X	1			



Subrecipient Monitoring and Management (1 of 2)

2 CFR 200.331-.332

- Requirements for Passthrough Entities
 - Subrecipient monitoring tools & guidance
- Indirect costs guidance



- Pass-through Entities
 - Must use judgment based on criteria
 - Must classify <u>each</u> subaward as:
 - A Subrecipient
 - A contractor



Subrecipient Monitoring and Management (2 of 2)



Ensure subawards appropriately identified



Evaluate risk of non-compliance



Specify required information for each award



Monitor subaward activities



Include Federal Award Identification Number (FAIN) and DUNS numbers



Verify audit coverage as required



CFDA Number and dollar amount of each



Honor ICR's or De minimis Rate



Records

2 CFR 200.333 Retention requirements for records

- All retention requirements consolidated in one section
- Specifies length of retention

- Financial records 3 years or until all matters are resolved
- Real property and equipment 3 years
- Program income expended postaward

- Indirect cost rate proposals/cost allocation plans – 3 years but start date may differ
- Allows for transfer of records to awarding agency



Closeout

2 CFR 200.343

- Time Period
 - 90 calendar days after end of performance period
 - All financial,
 performance,
 property and other
 reports

- Liquidation requirements
 - All obligations for which a non-Federal entity has accrued expenditures



Subpart E: Cost Principles

Learning objectives for this section

 Identify additions and deletions to Cost Principles and Selected Items of Cost





Standards

Factors Affecting Allowability:



Necessary and reasonable



Conform with federal law, guidelines and grant terms



Adequately documented



Accorded consistent treatment



Not used for cost sharing or matching funds



Consistent with policies and procedures



In accordance with GAAP



Legal under state and local law



Necessary and Reasonable

200.404 Reasonable cost does not exceed what would be incurred by a prudent person under prevailing circumstances when decision was made to incur the cost.

Necessary for the performance or administration of the grant

A foundation for allowable costs Follow sound business practices

Fair market prices

Act with prudence

No significant deviation from established prices



Prior Written Approval

- Grant Officer is the only authorized official to provide written approval (2900.12)
- Clarification of earlier guidance found
 - 200.407 and 2900.16
 - Specifies approval is in writing
 - DOL guidance specifies <u>only Grant Officer</u> has authority to approve
- Before incurring cost
 - Must be requested in writing
 - Must be approved



Prior Approval for States

As a discretionary (non-formula) Grantee

 Must obtain prior ETA approval in the same way as other direct recipients of discretionary grant funds

As the State Formula Grantee

- For approval of State and Local Workforce Investment Area (LWIA) costs
- Prior approval authority is delegated to the Governor
- No additional ETA approval is required



Cost Allocation and Indirect Costs

- DOL clarification at 2900.17
 - Adjustments or refunds and effect on IDC rates
- 200.413—Discussion of Direct Costs
- 200.418 Distinctions
- Further covers
 - Facilities and Administration classification
 - Acceptance of negotiated rates
 - Required certifications
- Use of Appendices



De Minimis Rates

- Covered in Indirect Cost Module
- Type of Indirect Cost Rate discussed at 200.616(e)
- Entity eligible to receive rate:
 - Has costs classified as indirect costs
 - Entity has never received or does not currently have a negotiated indirect cost rate
 - May charge an indirect cost rate of 10% of modified total direct costs (MTDC)
 - May be used indefinitely



Types of Costs

Allowable

- Training Costs
- Collection of Improper Payments
- Health and Welfare

Unallowable

- Entertainment
- Fines and Penalties
- Bad Debts

Allowable with conditions

- Personnel
- Donations
- Interest
- (Most Costs)



Advisory Councils 2 CFR 200.422

Authorized by statute

Unallowable Conditions

Authorized by Federal agency

As an indirect cost where allocable



Advertising 2 CFR 200.421



- Costs of media including electronic media
- Incorporates "Communication Costs"



- Recruitment of Personnel
- Procurement of goods and services



 Advertising and Public Relations are distinct types of cost



Public Relations 2 CFR 200.421

Allowable

V

Unallowable



- Communication Costs
 - Community
 Outreach
- Program specific awards
- General program liaison

- Memorabilia
- Organizational Recognition
- Promotional Items



Collection of Improper Payments 2 CFR 200.428



Allowable

Either direct or indirect

Use of amounts collected specified



Contingency Provisions 2 CFR 200.433 & 2900.18

Generally unallowable

Allowable only under strict conditions:

- Included in budgets
- Broadly accepted cost estimating methods
- For budget purposes only

Any type of "reserve" is unallowable



Conferences 200.432

Meeting

Retreat

Seminar

Workshop

Primary
purpose is
dissemination
of technical
information
beyond the
non-federal
entity

Allowable with conditions



Speaker fees

Meals and refreshments
Local transportation

Unless further restricted by the terms of the federal award

Uniform Guidance: Introduction, Application and Pre-Awa



Employee Health and Welfare Costs 2 CFR 200.437



Allowable with conditions



Conditions

- Health and welfare of staff
- In accordance with documented policies
- Must be allocated



Losses generally unallowable



Eliminates "morale costs"



Entertainment 2 CFR 200.438

Limited exceptions



Programmatic purpose AND

Authorized within budget OR

Authorized by awarding agency (prior approval)

Unallowable



Examples:

- Sports event tickets
 - Gift cards
- Movie tickets



Intellectual Property 2 CFR 200.448 & 2900.13



Combines patent and royalties from Circulars
Does NOT address licensing requirements



Further clarifies allowable and unallowable costs associated with each



Reference requirements for intangible property

- DOL exception includes use of Creative Commons license
- Allows subsequent use in manner specified by the awardee



Lobbying 2 CFR 200.450



Costs of lobbying are unallowable



Lobbying includes any actions

- Designed to influence the obtaining of grants
- Designed to influence or give special consideration to acting on an award or regulatory matter

Governed by multiple statutes



Participant Support Costs 2 CFR 200.456 & 469, 2900.19

Allowable as defined

Check your grant agreement



Student Activity fees are unallowable

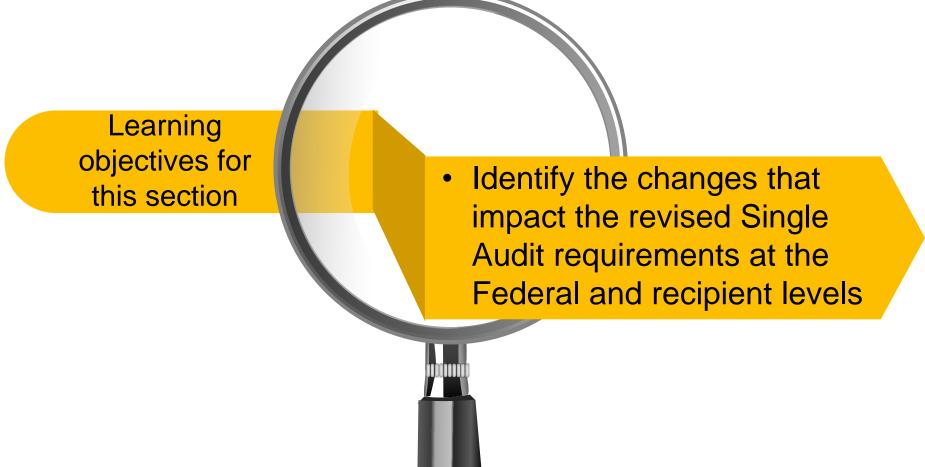
DOL exception at 2900.19

Allowable if meet a program requirement

Have prior written approval



Subpart F: Audit Requirements





Effective

Fiscal year begins
January 1,
2015

For fiscal years beginning on or after December 26, 2014

New Single Audit requirements apply

2015 Compliance Supplement Released June 2015
Streamlines the audit
objectives and
procedures for the 14
types of compliance
requirements



New Dollar Threshold

A Single Audit or program-specific audit is required when a non-Federal entity **expends \$750,000** or more in Federal awards in a fiscal year [2 CFR 200.501(a)]

Expend less than \$750,000 -- exempt for that fiscal year

- Must make records available for audit or review by the Federal agency, its pass-through agency, and/or GAO
- Basis for determining Federal awards has been expanded to include accrued costs, disbursements to subrecipients [200.502]
- Federal Agency or Inspectors General (OIG) may require audits to meet regulatory or statutory requirements



Frequency and Timing

Audits are to be performed annually (200.504)

Biennial audit exceptions continue for certain states



Submission of audit report and data collection form to Federal Audit Clearinghouse [200.512(a)] within the earlier of:

- One month after receipt of audit report or
- Nine months after the end of the audit period (fiscal year)



Exception for Indian Tribes or Tribal Organizations

2 CFR 200. 512(b)(2)

May opt to instruct the FAC: no public access to the reporting package



✓ If a subrecipient, must submit report to any pass-through entity providing funding



Federal Audit Clearinghouse





Submit data collection form and reporting package to FAC electronically.

Pass-through entity requests copies of each audit where there are findings



FAC's website allows users to query its audit database

https://harvester.census.gov/fac



WIA & WIOA Considerations

Non-Federal Resolution of WIA Audits

WIOA (statute only info)

- Governor is responsible for resolving the audit findings related to LWIAs and other subrecipients (20 CFR 667.500)
- Must use same resolution process, debt collection, and appeals procedures for WIA as for other grant programs





Life is really simple, but we insist on making it complicated. ~Confucius

